

Alabama Power Receives A Boost to Storm Reserves

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PRESS RELEASE

MONTGOMERY – Commissioner Terry Dunn praises the Alabama Public Service Commission staff for its recommendation this week that the PSC act now to replenish Alabama Power Company's storm reserve.

"In the name of transparency, let's be clear that this vote will produce \$153 million in revenue for Alabama Power," Dunn said. "The first \$30 million-plus will go directly to the storm reserve. And a large share will pay for nuclear-plant maintenance that the previous Commission voted in 2010 to delay until this year."

At this week's meeting, the PSC staff recommended that commissioners change a tax-related tariff that no longer applies under the company's rate structure, which is a formula called "Rate Stabilization and Equalization," or RSE. Under RSE's forward-looking budget, the PSC staff members said, it is already clear that the company would collect more than \$153 million for 2012 in order to stay within RSE's allowed range of return.

The PSC order implementing this week's unanimous decision will state explicitly that there will be no upward adjustment in RSE for 2012.

Dunn told a company executive that Alabama Power should plan on zero increase in 2013 as well. Still, Dunn praised the company's performance in the wake of the tornadoes of April 27 and strongly supported the move to replenish the storm reserve.

"Mid-August is when the Atlantic hurricane season begins its peak period," the commissioner said. "Heaven forbid we should have to deal with more storms, but we need to be prepared. We can't play games with the reliability of electricity going to homes and businesses."

Maintenance at Plant Farley, Alabama Power's nuclear plant outside of Dothan, is "expensive but necessary," Dunn said.

More than 240 people died in Alabama as a result of the April 27 storms, which spawned 64 tornadoes.

(Source: Alabama Public Service Commission)